

VZCZCXRO5763  
RR RUEHGH  
DE RUEHIN #1900/01 1530905  
ZNR UUUUU ZZH  
R 020905Z JUN 06  
FM AIT TAIPEI  
TO RUEHC/SECSTATE WASHDC 0493  
INFO RUEHC/DEPT OF AGRICULTURE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOG/USDOC WASHDC  
RUEHBK/AMEMBASSY BANGKOK 3284  
RUEHBJ/AMEMBASSY BEIJING 5254  
RUEHUL/AMEMBASSY SEOUL 7851  
RUEHGP/AMEMBASSY SINGAPORE 6461  
RUEHKO/AMEMBASSY TOKYO 7739  
RUEHML/AMEMBASSY MANILA 9726  
RUEHJA/AMEMBASSY JAKARTA 3862  
RUEHKL/AMEMBASSY KUALA LUMPUR 3499  
RUEHHI/AMEMBASSY HANOI 3070  
RUEHBY/AMEMBASSY CANBERRA 4205  
RUEHWL/AMEMBASSY WELLINGTON 1498  
RUEHHK/AMCONSUL HONG KONG 6473  
RUEHGH/AMCONSUL SHANGHAI 0169  
RUEHGZ/AMCONSUL GUANGZHOU 9353

UNCLAS SECTION 01 OF 06 TAIPEI 001900

SIPDIS

SENSITIVE, SIPDIS

STATE PLEASE PASS USTR

STATE FOR EAP/RSP/TC, EAP/EP

USTR FOR STRATFORD AND ALTBACH

USDOC FOR 4420/USFCS/OCEA/EAP/LDROKER  
USDOC FOR 3132/USFCS/OIO/EAP/ADAVENPORT  
USDA FOR FAS/ITP/SHEIKH  
TREASURY FOR OASIA/LMOGHTADER  
TREASURY ALSO PASS TO FEDERAL RESERVE/BOARD OF  
GOVERNORS, AND SAN FRANCISCO FRB/TERESA CURRAN

E.O. 12958: N/A

TAGS: [EINV](#) [EFIN](#) [ECON](#) [ETRD](#) [PINR](#) [TW](#)

SUBJECT: TAIWAN TIFA: Public and Private Outcomes

11. (U) This cable reports public and private outcomes of the Trade and Investment Framework Agreement (TIFA) consultations between the United States and Taiwan in Taipei during May 25 - 26, 2006:

- Doha and economic developments in Asia-Pacific
- Government Procurement Agreement
- Agricultural trade and market access
- Telecommunications policy and liberalization:
- Investment and tax issues
- Pharmaceuticals and medical devices market access
- New drug approval review system reform
  - Stages Two and Three validation
- Intellectual property rights
- Textiles
- Secure trade
- Supporting African growth and development
- Customs Asia Pacific Reporting System (CAPERS)
- Insurance supervision

12. Doha and Economic Developments in the Asia-Pacific

(U ) A. Public Outcomes:

(1) Taiwan and the U.S. agree to work together to substantially improve market access in order to reach a successful conclusion of the Doha Round.

(2) Noting ongoing trends toward Asia-Pacific economic integration,

the U.S. and Taiwan reaffirmed their commitment to continuing to deepen bilateral economic cooperation.

### 13. Government Procurement Agreement

-----

#### (SBU) A. Private Outcome:

(1) TECRO agrees to AIT proposal to approach China in Geneva on WTO GPA.

#### (U) B. Public Outcome:

(1) AIT and TECRO agree to enhance cooperation on government procurement.

### 14. Agricultural Trade and Market Access

-----

#### (U) A. Public Outcomes:

(1) AIT and TECRO agree to hold discussions to establish a bilateral Consultative Committee on Agriculture (CCA) that will address agricultural trade and policy issues.

(2) BAPHIQ will review BSE-related bans on non-ruminant products.

(3) AIT and TECRO commit to improve cooperation on resolving SPS issues, and adhere to the WTO SPS Agreement and OIE guidelines in the development of import requirements.

(4) The U.S. welcomes that the Taiwan Department of Health conditionally lifted the ban on import of U.S. beef on January 25,

TAIPEI 00001900 002 OF 006

2006, and will continue to provide information on BSE monitoring measures and related issues as relevant.

(5) AIT recognizes the importance of TECRO's market access request for Pomelos and Longan and will facilitate the approval processes.

#### (SBU) B. Private Outcome:

(1) The U.S. welcomes Taiwan's progress in reaching consensus on its Country Specific Quota (CSQ) regime and supports the new CSQ system to be granted legal status by the WTO as soon as possible.

### 15. Telecommunications Policy and Liberalization

-----

#### (U) A. Public Outcome:

(1) The U.S. welcomed the establishment of the National Communication Commission (NCC) on February 22, 2006.

(2) AIT and TECRO agreed to continue dialogue on how to support fair competition in the telecommunications and broadcasting markets sector.

### 16. Investment and Tax Issues

-----

#### 1) Bilateral Tax Agreement

##### (SBU) A. Private Outcome:

(1) AIT and TECRO agree that such an agreement would be beneficial. AIT and TECRO will be in touch to schedule talks to explore the feasibility of such an agreement.

#### 2) Bilateral Investment Agreement

##### (U) A. Public Outcome:

(1) AIT and TECRO agreed to conduct further discussions on ways to enhance the bilateral investment relationship.

## 17. Pharmaceuticals and Medical Devices Market Access

### 1) Price Volume Survey

#### (U) A. Public Outcomes:

(1) AIT and TECRO share the goal of ensuring a transparent, accurate and fair process in determining reimbursement rates for pharmaceuticals.

(2) BNHI also agreed to hold regular meetings with AIT and private sector stakeholders to discuss health care reform issues including pricing and reimbursement, the separation of prescribing and dispensing and other issues of concern.

#### (SBU) B. Private Outcome:

(1) AIT and BNHI agree that they will hold consultations between July 1 and September 30, that will address U.S. concerns regarding

TAIPEI 00001900 003 OF 006

the price volume survey.

## 18. New Drug Approval Review System Reform

### (U) A. Public Outcome:

(1) DOH agrees to develop any further changes to the user-fee system through discussion with industry and confirmed that 1) fees are used only to support review-related activities for which the fees are imposed and 2) a ten percent reduction in review times has resulted from the new fees to date.

## 19. Stage Two and Three Validation

### (U) A. Public Outcome:

(1) The U.S. welcomes that DOH agrees to provide manufacturers with six months notice prior to a GMP site inspection.

#### (SBU) B. Private Outcome:

(1) The U.S. welcomes BNHI's consensus with the pharmaceutical industry groups to revise the system for assigning prices of generic drugs at 80% of the prices for the corresponding brand name drug.

## 10. Intellectual Property Rights

### (U) A. Public Outcome:

1) AIT commends TECRO's efforts to strengthen IPR protection and enforcement and recognizes the significant steps TECRO has taken toward creating a healthy environment to support innovation, creativity and economic growth. AIT welcomes TECRO's commitment to combating IPR violations, in particular, internet piracy, addressing both unauthorized peer-to-peer file-sharing and internet service provider (ISP) liability; stopping the unauthorized use of copyright material on and around college and university campuses through education and policies that deter illegal activities; and protecting patented pharmaceuticals. AIT also supports TECRO's IPR Action Plan that outlines initiatives to be undertaken within the next two years and looks forward to seeing the fruits of those initiatives.

2) While recognizing TECRO's achievements, there remain a few, but significant issues yet to be addressed. To this end, AIT and TECRO have agreed to establish consultations, to meet every six months, to discuss IP issues of concern. AIT looks forward to the future consultations with TECRO so that practical and concrete solutions benefiting both US and Taiwan IP rightholders may be developed.

#### (SBU) B. Private Outcome:

1) AIT welcomes TECRO's efforts to strengthen intellectual property

protection and enforcement, in particular the 2006-2008 IPR Action Plan. AIT commends TECRO's commitment to take positive steps in the following areas:

(a) Creating an Internet Service Provider (ISP) liability regime with incentives for ISPs to cooperate with copyright owners in deterring the unauthorized storage and transmission of copyright material;

TAIPEI 00001900 004 OF 006

(b) Continuing to combat the problem of unauthorized peer-to-peer file-sharing, including criminal enforcement actions that result in arrests, timely prosecution, deterrent sentencing and closure of file sharing services;

(c) Providing training and resources to enforcement authorities responsible for Internet piracy to enable them to take significant enforcement actions;

(d) Implementing and enforcing a policy against unauthorized copying of books, journals and teaching materials in university bookstores and in photocopy shops on and around university and cram school campuses;

(e) Establishing a dialogue among MOEA/TIPO and MOE with the copyright industries to address the problem of copyright violations on educational campuses and TANet;

(f) Continuing raids of commercial photocopy shops in and around universities and cram schools;

(g) Implementing and enforcing a policy by MOE and MOEA/TIPO that deters the unauthorized storage and transmission of copyright materials on TANet;

(h) Ensuring that the judges on the soon to be created IP Court will be qualified to preside over IP cases;

(i) Ensuring that IP Court judges will be adequately trained on intellectual property rights;

(j) Conducting regular raids on manufacturing plants and retail outlets selling pirated and counterfeit goods;

(k) Conducting public education campaigns to inform the public against the prevalence and risks of counterfeit pharmaceuticals;

(l) Initiating consultations among DOH, TIPO, AIT and the research-based pharmaceutical industry on the implementation of a patent linkage system in Taiwan;

(m) Clarifying the implementation of the data protection provision of the Pharmaceutical Affairs Law;

(n) Increasing the oversight of pharmacies through various means that could include surveys, periodic investigation or raids based on complaints.

2) TECRO agreed to further discuss AIT's recommendations that:

(a) reconsideration is needed of the policy whereby a pharmacy found with evidence to be selling counterfeit pharmaceuticals may be investigated by the prosecutor's office and their business license suspended for a maximum of three years, such that

--the revocation of the business license be commensurate with the judicial ruling,

--deterrent administrative penalties be available if the prosecutor's office chooses not to prosecute.

(b) effective enforcement includes the seizure and destruction of

TAIPEI 00001900 005 OF 006

pirated and counterfeit goods, the seizure and appropriate disposition of the material and implements used to manufacture the infringing goods, arrests, prosecutions and deterrent level sentences [that are actually served];

3) AIT agreed to further discuss:

(a) TECRO's request for relaxing limitations to parallel imports and rental rights in the Taiwan Copyright Act;

(b) TECRO's request for recognition of Taiwan plant breeders' rights and agreed to work towards mutually agreeable solutions.

4) TECRO and AIT agree to establish a mechanism for regular consultations every six (6) months to discuss these and other IPR protection and enforcement issues.

#### 11. Textiles

(SBU) A. Private Outcome:

(1) AIT and TECRO agree to hold meetings to discuss a Textile Transshipment MOU within one month of receipt by TECRO of the draft from AIT.

#### 12. Secure Trade

1) Container Security Initiative:

(U) A. Public Outcome:

(1) The U.S. appreciates the seizure of \$1.99 million in counterfeit U.S. currency at Kaohsiung Port since joining CSI, and welcomes Keelung Harbor's active preparations to join CSI in order to expand cooperation with the United States in fighting against global terrorism.

2) Export Control Cooperation:

(U) A. Public Outcome:

(1) AIT and TECRO recognize progress in securing trade and reaffirmed the importance of continuing to enhance efforts towards this end. The U.S. welcomes that as of June 1, 2006, Taiwan will add 87 sensitive items to its list of SHTC items subject to export controls to North Korea and Iran, and that Taiwan will consider more items to be included in the SHTC list in the future.

3) Megaports:

(SBU) A. Private Outcome:

(1) AIT and TECRO welcome the signing of an MOU on Megaports and look forward to the next steps in implementation.

#### 13. Supporting African Growth and Development

(U) A. Public Outcome:

TAIPEI 00001900 006 OF 006

(1) AIT and TECRO held productive discussions relating to our shared goal of empowering the African economies by providing greater trade and investment-enhancing opportunities and related trade capacity-building assistance.

#### 14. Customs Asia Pacific Reporting System (CAPERS)

(SBU) A. Private Outcome:

(1) CAPERS helps strengthen and safeguard trade relationships,

enhances the prevention of narcotics/contraband smuggling, and assists with the detection of other violations of Customs laws by the timely exchange of information. AIT welcomes TECRO's support for these goals and will support Taiwan's application to join CAPERS.

¶15. Insurance Supervision  
-----

(U) A. Public Outcome:

(1) AIT took note of TECRO concerns relating to insurance supervision and agreed that AIT would serve as a liaison to assist in this area.

YOUNG